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The War

UNITED NATIONS AND UNITED PEOPLES

RADIO ADDRESS BY ASSISTANT SECRETARY BERLE¹

[Released to the press March 1]

I

On every continent of the world, and in every corner of the seas, soldiers, sailors, armies, and ships of the United Nations now are engaged in a titanic struggle for freedom of thought, religious freedom, freedom from want, freedom from fear.

At the opening of this year, 1942, the greatest group of nations ever joined in history assembled in Washington. President Roosevelt gave the company a name: The United Nations. They declared their common purpose and put the articles of their union into a few simple words:

"Having subscribed to a common program of purposes and principles embodied in . . . the Atlantic Charter,

"Being convinced that complete victory over their enemies is essential to defend life, liberty, independence and religious freedom, and to preserve human rights and justice in their own lands as well as in other lands, and that they are now engaged in a common struggle against savage and brutal forces seeking to subjugate the world, . . .

"1. Each Government pledges itself to employ its full resources, military or economic, against those members of the Tripartite Pact and its adherents with which such government is at war.

"2. Each Government pledges itself to cooperate with the Governments signatory hereto

and not to make a separate armistice or peace with the enemies.

"The foregoing declaration may be adhered to by other nations which are, or which may be, rendering material assistance and contributions in the struggle for victory over Hitlerism."

This is the Declaration by United Nations.

By these words a vast revolution in world affairs was recognized. It accomplished a huge union of fighting forces in a common struggle. It did far more. It dedicated that struggle to the high purpose of giving to the peoples of the world—and to each individual of those peoples—the material and spiritual requirements for a fuller life.

The Atlantic Charter, which is included in the Pact of the United Nations, had set out for the United Nations these elementary human rights with directness and simplicity:

"They respect the right of all peoples to choose the form of government under which they will live; and they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them;

"They will endeavor, with due respect for their existing obligations, to further the enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity;

"They desire to bring about the fullest collaboration between all nations in the economic field with the object of securing, for all, improved labor standards, economic advancement, and social security;

¹Delivered over the Mutual Broadcasting System, March 1, 1942.

"After the final destruction of the Nazi tyranny, they hope to see established a peace which will afford to all nations the means of dwelling in safety within their own boundaries, and which will afford assurance that all the men in all the lands may live out their lives in freedom from fear and want."

II

The war of the United Nations is a people's war.

Free peoples rarely commence war; this war was in fact begun by three dictatorships. But wars are almost invariably won and peace is finally reestablished by the victory of free peoples. So it will be with the present war.

In waging and winning the war, and in making and holding the peace, the United Nations rightly rely on peoples: The people of Britain in their classic defense of their homeland; the people of Russia in rising up to crush an invader with unparalleled sacrifice; the vast people of China, first to resist and longest to endure; the people of the United States, turning their plows into swords; the Dutch making a stand of unparalleled gallantry in the western Pacific. With them are the hundreds and millions of the people of India; and the millions within the areas pillaged by barbarian arms: The Belgians, the Greeks, the Yugoslavs, the Czechs, the Norwegians, the Poles, even the tiny people of Luxembourg.

With these again are the peoples of the great members of the British Commonwealth of Nations: Our neighbors of Canada, our friends in Australia, New Zealand, and South Africa. And with them too are the representatives of the great American family of nations: Costa Rica, Cuba, the Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, and Panama. It is a roll call of great nations.

The voiceless peoples whose governments have been submerged are not forgotten; a place is ready for them. We know from endless sources now that even the peoples of our enemies pray in their hearts that the United Nations shall succeed.

III

A people's war is vastly different from a war of politicians or governments. Rather, it is a kind of revolution—in this case, a kindly revolution—fighting to crush a cruel revolution. It is a war of men to preserve their right to be men, fought against slave armies led by masters who propose to wipe out even the right to manhood. The Declaration by United Nations, like the Declaration of Independence, speaks not of desire to seize territory or plunder or power. It speaks of the rights of men by which you and I live: The right to be free to worship God; the right to be free from fear of foreign bombs or bayonets; the right to think; the right to be fed and clothed and housed in a modern world which can give food and shelter and clothing for every child, woman, and man in this teeming earth. As these rights are made valid by victorious arms, they mean, and were intended to mean, the beginning of a new world era.

They mean freedom for the great masses in Asia. They mean release for the slaves of Nazi-occupied Europe. They mean that the materials and resources of the world will be administered so as to be accessible to all nations. They mean that a measure of security will be provided for individual men and women. They mean that the highways of land and sea are open to everyone who will trade or travel in peace.

For these, the peoples are on the march by hundreds of millions upon hundreds of millions; and you and I are among them.

As these united peoples join ranks there is no distinction or discrimination of race or color or class or creed. There is no master race. The common bond is that of common, decent, kindly humanity. In worthiness, the bond could be no less.

Within this great frame the methods of making the ultimate peace are already appearing. The American family of nations comprises an entire hemisphere and has learned to live together in peace and in friendship and in

mutual help. The British Commonwealth of Nations, another great family working likewise toward a common helpfulness, is a second great group. In Europe, nation after nation is joining hands with its neighbors and friends, as Russia and Poland did only the other day. In Asia, the leader of a Free China talks to India, and Filipinos fight shoulder to shoulder with MacArthur. These nations fight together in war, which is great; but they will work together when they have conquered cruelty and won the peace, which is greater still.

Even as they forge the great organizations of war they plan the use of these organizations to relieve the distress of the world when war is done and to bring again peace, order, and fruitfulness to a devastated world, under law which will protect freedom and render an economic system which gives opportunity and life.

IV

The measures for doing this are already in existence.

We are free from the bonds of outworn finance. You have noticed that no war effort is limited on financial grounds. Food, arms, and materials go from those who have them to those who need them. We call this in America "lend-lease", and under that system the needs of peoples will be met from China to the English Channel. As more peoples are freed to join the United Nations, they receive their share.

By means of the joint supply and transport authorities, a vast transport system is coming into existence which will be able in time to serve all parts of the earth by sea and air.

AGREEMENTS WITH BRAZIL

[Released to the press March 3]

To implement the resolutions of the recent meeting of the foreign ministers in Rio de Janeiro, His Excellency Dr. Arthur de Souza Costa, Minister of Finance of Brazil, and officials of this Government have concluded a series of important agreements designed to

Already the system of communication and the press has given a common language and a common thought which has brought nations closer together. Uruguay knows the opinion of Ottawa; Chicago knows the thinking of Chungking.

The forces of the United Nations by sea and land and air are great instruments of law. They are engaged in crushing international criminals who have sought to rob and murder and oppress. They act by common counsel and they work under united commands. They are friends among themselves, and friends and givers of freedom in the nations to which they come.

In such a war and with such a group there can be no end but victory. No other result is worth having. Freedom is indivisible.

The United Nations have soberly estimated the great burden which history has given them and which they have proudly assumed. But they have the strength, the resources, and the ability to win. The stupendous program of the United States is already under way and on schedule. The avalanche of force is steadily building. The task is great. The time may be long. But there can be only one end—the destruction of evil forces and the reestablishment of a kindly world.

According to President Roosevelt's prophecy, the United States has met its rendezvous with destiny. At the meeting-place there are the peoples of the earth, free and seeking freedom, joining forces to make a tide of irresistible strength. Their line has gone out through all the earth. Their victory will be to the ends of it.

fortify the security of the American republics. These agreements are as follows:

1. The Finance Minister of Brazil and the Acting Secretary of State signed an exchange of notes providing for a program for the mobilization of the productive resources of Brazil, and for a line of credit of \$100,000,000 to be made

available through the Export-Import Bank. The texts of the notes exchanged are given below.

2. Officials of the Export-Import Bank and the Metals Reserve Company signed agreements with the Minister of Finance of Brazil and the British Ambassador for the development of the Itabira mining properties and the Victoria-Minas Railroad, with accompanying arrangements for the procurement by the United States and Great Britain of the high-grade iron ores to be produced in these properties. Details with regard to these arrangements are available at the Export-Import Bank.

3. The Ambassador of Brazil and the Acting Secretary of State signed an agreement providing for expanded assistance to Brazil under the provisions of the Lend-Lease Act of March 11, 1941.

4. The Brazilian Minister of Finance and the Acting Secretary of State signed and exchanged notes providing for the establishment of a five-million-dollar fund by the Rubber Reserve Company to be used in collaboration with the Brazilian Government in developing the raw-rubber production of the Amazon Valley and adjacent regions. The notes were accompanied by an agreement whereby the Rubber Reserve Company agreed to purchase Brazilian raw rubber for a period of five years.

The text of a note to the Acting Secretary of State, Mr. Sumner Welles, dated March 3, from His Excellency, Dr. Arthur de Souza Costa, Minister of Finance of Brazil, follows:

"In Resolution II of the Third Meeting of the Ministers of Foreign Affairs of the American Republics at Rio de Janeiro the Government of Brazil undertook to cooperate with the other American republics to the utmost possible degree in the mobilization of its economic resources with the special objective of increasing the production of those strategic materials essential for the defense of the Hemisphere and for the maintenance of the economies of Brazil and the other American republics.

"The Government of Brazil, through the Brazilian Economic Mission which I have the honor to head, proposes at once to take measures effectively to carry out this undertaking and to further the program of developing the production of such materials, upon which it has been engaged for some time.

"The Government of Brazil believes that the most effective manner to carry out its broad purposes will be the establishment of a new government organization to investigate and promote the development of strategic materials and other natural resources of Brazil. The new organization, which might be a new department of the Brazilian Government or a government-controlled corporation, would examine all feasible projects for such development and would see that those recommended be effected, either by existing enterprises in Brazil, or, where suitable entities do not already exist, by new departments, independent organizations or private enterprises which would be established for the purpose.

"In either case the new organization would function as a dependency of the Government of Brazil not primarily for profit, but rather for carrying out to the fullest degree possible in the interests of Brazil and the other American republics, the development of the country's natural resources.

"The new Brazilian organization would be aided in its work if it were able to rely to a very considerable degree on United States expert assistance. Moreover, to carry out its program the Brazilian Government would require, in addition to funds for local expenditures to be supplied by Brazil, a line of dollar credits, in an amount of about \$100,000,000, to be drawn against as needed for dollar expenditures in connection with specific projects.

"Such credits would be utilized in projects undertaken directly by the Brazilian Government or by private individuals approved by it.

"On behalf of the Government of Brazil and in accordance with understandings which the

Brazilian Economic Mission, which I have the honor to head, has had with officials of the Government of the United States, I should greatly appreciate it if Your Excellency's Government studied sympathetically the present program of financial and expert cooperation.

"It is my firm conviction that a cooperative program such as that outlined above can be of the greatest value to both of our nations in carrying out the intent of the resolutions of Rio de Janeiro to mobilize the economic potentialities of the Hemisphere in our common defense.

"I avail [etc.]"

Mr. Welles sent the following reply to the Brazilian Minister of Finance on March 3:

"I acknowledge the receipt of your note of March 3, 1942, outlining a program for further economic cooperation between the United States and Brazil in furtherance of Resolution II of the Third Meeting of the Ministers of Foreign Affairs of the American Republics at Rio de Janeiro, calling for the mobilization of the productive resources of the American republics.

"I have the honor to inform you that the appropriate agencies of the Government of the United States have considered carefully this program and are prepared to extend the financial and expert cooperation essential to its success. I have been informed by the Secretary of Commerce that he is agreeable to the opening of a line of credit of up to \$100,000,000 for the purpose of financing dollar expenditures in connection with specific projects to be undertaken by the Brazilian Government through the agency of the proposed new organization. It is contemplated that such projects shall be undertaken after agreement between the Brazilian Government, acting through the new organization, and the Government of the United States, acting through the Department of Commerce, and that appropriate United States technical and expert assistance shall be made available as necessary and desirable. The Secretary of Commerce will consider and act upon such projects within the period in which the Export-

Import Bank of Washington is in a position to provide these credits, and to the extent that its funds may be available for this purpose. Details of the arrangements may be worked out between representatives of the Government of Brazil and the Secretary of Commerce.

"It is of course understood that although the United States is desirous of cooperating to the fullest extent in the general development of the Brazilian economy, the carrying out of specific projects which require important amounts of machinery, equipment or other materials produced in the United States must be conditioned upon careful investigation and determination that the particular project will contribute in an important manner to the progress of our war effort and to the security of the Hemisphere, and has accordingly been granted the appropriate priority ratings.

"I believe that the cooperative program which the Governments of Brazil and the United States of America are undertaking will constitute a further great step forward in mutually beneficial economic relationships between our two countries and in the mobilization of the economic resources of the Western Hemisphere.

"Accept [etc.]"

[Released to the press March 3]

The following statements were made on March 3 by the Brazilian Minister of Finance, His Excellency Dr. Arthur de Souza Costa; the Brazilian Ambassador to the United States, His Excellency Carlos Martins; and the Acting Secretary of State, the Honorable Sumner Welles, on the occasion of the signing of the agreements between this Government and Brazil:

Statement by Dr. Souza Costa

The agreements which we have just signed are significant not only because of their concrete objectives of increasing the capacity for production in order to overcome present difficulties but principally in the sense of countervailing the ideologies of hate and disunity by the spirit of solidarity which inspires the governments of America.

Statement by Ambassador Martins

Now that we have found the way to solve these problems, it is with a feeling of deepest pleasure that I sign these agreements as Ambassador of Brazil.

They are as a shining light marking the already bright path of political relations between our two countries, and they unveil before our eyes the vast horizons of further economic progress.

Statement by Mr. Welles

Our Government has just signed a new Lend-Lease Agreement with Brazil in order that the Brazilian Government may be able to speed up Brazilian armament for self-defense and thus enhance the security of the entire hemisphere.

Our two Governments have also signed an additional agreement whereby Brazil will cooperate with the United States by producing and supplying vitally important strategic materials required in our national-defense program.

This is one of the concrete answers of Brazil and of the United States to Hitlerism and the other declared enemies of the liberties of the Americas, of Christian civilization, and of mankind itself.

FRENCH ISLAND POSSESSIONS IN THE PACIFIC

[Released to the press March 2]

The text of a statement made by the American Vice Consul at Nouméa to the High Commissioner of New Caledonia and made public by the latter on February 28, 1942 follows:

"The policy of the Government of the United States as regards France and French territory has been based upon the maintenance of the integrity of France and of the French Empire and of the eventual restoration of the complete independence of all French territories. Mindful of its traditional friendship for France, this Government deeply sympathizes not only with the desire of the French people to maintain their territories intact but with the efforts of

the French people to continue to resist the forces of aggression. In its relations with the local French authorities in French territories the United States has been and will continue to be governed by the manifest effectiveness with which those authorities endeavor to protect their territories from domination and control by the common enemy.

"With the French authorities in effective control of French territories in the Pacific this Government has treated and will continue to treat on the basis of their actual administration of the territories involved. This Government recognizes, in particular, that French island possessions in that area are under the effective control of the French National Committee established in London and the United States authorities are cooperating for the defense of these islands with the authorities established by the French National Committee and with no other French authority. This Government appreciates the importance of New Caledonia in the defense of the Pacific area."

JOINT BRITISH-AMERICAN RELIEF TO GREECE

[Released to the press March 6]

The United States and British Governments have agreed to a request by the Greek War Relief Association of New York for permission immediately to charter a vessel to transport 2,300 long tons of flour from the United States to Greece, provided adequate guaranties are obtained from the Axis governments and satisfactory arrangements can be made for the distribution of the flour to the suffering Greek population.

The program of aid to Greece through shipments from Turkey is also going forward to the extent that food is available. Permission, furthermore, has recently been granted to the Greek Government to transfer to Switzerland the equivalent of one million Swiss francs from funds of the Greek Government in the United States, to purchase condensed milk in Switzerland for the relief of children in Greece.

In considering plans for the relief of Greece, particular attention is paid to the provisions for the distribution of the food to the Greek peoples themselves and for preventing the Axis powers, who have created the appalling conditions of famine which exist in that country, from being aided by the relief measures employed. It is realized that no measures for the adequate relief of Greece will be possible until the final defeat of the Axis. The necessity, however, for the prompt use of any feasible means for assisting Greece is fully realized.

ADVISORY MISSION TO INDIA

[Released to the press March 6]

The military situation in southeastern Asia emphasizes the need to develop fully, and as rapidly as feasible, the industrial resources of India as a supply base for the armed forces of the United Nations in the Near East and the Far East. The Government of the United States, accordingly, inquired whether the Government of India would agree to the despatch to India of a technical mission which could examine and report on the possibilities of American assistance in such development. The Government of India has expressed its readiness to receive such a mission and has invited it to be its guests during the mission's stay in India. Accordingly, it has been decided that the mission should proceed to India as soon as possible.

It is hoped that the personnel of the mission may be announced shortly. The Government of the United States and the Government of India earnestly hope that this step in American-Indian collaboration may serve to make an effective contribution to the success of the United Nations in the war against aggression.

AMERICANS IN THE FAR EAST

[Released to the press March 5]

The Swiss Government has made available to this Government the following message, of February 25, from the Swiss Minister at Tokyo, reporting the substance of information received from the Japanese Foreign Office in regard to

the welfare of the personnel of the American Consular Offices in Harbin and Mukden:

On December 8, 1941 the personnel of the offices of the American Consulates General at Harbin and Mukden were placed under surveillance in their respective consular premises; they were deprived of short-wave radios, and telephone communication with the exterior was authorized in principle only through guards or interpreters; for exceptional reasons they can leave the premises under surveillance. With regard to food, all measures have been taken to avoid privation, Chinese employees being permitted to go to the market daily for provisions. With regard to health, there is nothing to note with the exception of Mr. Jay Dixon Edwards, American Vice Consul at Harbin who, suffering from throat trouble in December, underwent hospital treatment.

Mr. Jay Dixon Edwards is a native of Wausau, Wis.

The American Consulate at Melbourne, Australia, has reported the safe arrival in that port of Mr. Jesse Frederick Van Wickel, of Brooklyn, N. Y., former American Consul at Batavia; Mr. V. Lansing Collins, of Princeton, N. J., former American Vice Consul at Batavia, and his wife and baby; Mrs. Kenneth S. Patton, wife of the former American Consul General at Singapore; Mrs. Walter A. Foote, wife of the former American Consul General at Batavia; Mrs. Harold D. Robison, wife of the former American Consul at Singapore; and Mrs. Charles O. Thompson, wife of the former American Vice Consul at Singapore, and her two sons.

[Released to the press March 7]

The Department of State has been informed officially that as of February 27, 1942 Mr. Victor Keen, representative of the *New York Herald-Tribune* in Shanghai, and Mr. J. B. Powell, editor of the *China Weekly Review*, had been arrested and detained in Shanghai under charges of espionage. The information continued that both Messrs. Keen and Powell are in good health.

THE PROBLEM OF ECONOMIC PEACE AFTER THE WAR

ADDRESS BY LEO PASVOLSKY¹

[Released to the press March 4]

I

For the second time in the lifetime of many of us, mankind will some day be confronted with the Herculean task of rebuilding the fabric of international relationships shattered by a world war. Our country and all nations associated with us in the present conflict are resolved that the brutal forces of conquest and domination will be utterly destroyed. We must be equally determined that, once the earth is freed from the menace of these sinister forces, international relations must and will be so organized as to be an open and unobstructed highway of human progress toward an enduring peace among nations, based on justice and on order under law, and toward an increasing measure of economic and social welfare for the individual everywhere.

The winning of the war is but the first stage in the winning of the peace. Wars are not fought for their own sake, but for the sake of determining which of the protagonists will shape the peace that follows.

In the last post-war period, the nations which, through untold sacrifice of life and treasure, established their right to shape the peace failed to take positive action necessary for fulfilling the vast responsibility which thus devolved upon them. The two unhappy and uneasy decades which elapsed between 1919 and 1939 were characterized by a fatal drift toward a new and greater disaster—a drift which went on in spite of many efforts to arrest it and to reverse it.

After this second world war, the central problem confronting mankind will be exactly the same as that which confronted us after the last war. That problem is dual in character.

First, to create a system of international political relationships which would offer a reasonable hope for the preservation of a just peace among nations with the least practicable diversion of economic effort to the maintenance of armed forces; and

Second, to create, domestically and internationally, economic conditions which would make possible a progressive movement toward an efficient utilization of the human and material resources of the world on a scale adequate to insure the greatest practicable measure of full and stable employment accompanied by rising standards of living everywhere.

These basic objectives were stated clearly in the Atlantic Declaration of last August. They were re-endorsed in the Joint Declaration of the United Nations of two months ago.

The two objectives are closely interrelated. Sound economic policies will be impossible without confidence that peace will prevail and without assurance that the burden of armaments will be reduced to manageable proportions. But peace will be precarious at best, unless there exists for it a sound economic foundation. Both objectives, therefore, must be pursued simultaneously.

The full attainment of both of these objectives will necessarily be a long process, proceeding in a series of stages. What is important is that progress in each field be such as to reinforce progress in the other. And progress will have to be measured in terms of the speed and effectiveness with which appropriate machinery is set up in each field.

I shall not deal in this address with the machinery which will be necessary for the attainment of the political peace objective. On the assumption that such machinery will be created, I shall focus my attention on the types of action which will be involved in the creation of the necessary economic machinery, especially in the international field.

¹ Delivered at the National Study Conference of the Commission To Study the Bases of a Just and Durable Peace of the Federal Council of the Churches of Christ in America, Delaware, Ohio, March 4, 1942. Mr. Pasvolsky is Special Assistant to the Secretary of State.

II

At the risk of giving you a rather dull quarter of an hour, I shall recite at the outset some of the basic economic considerations involved.

International economic relationships are numerous and varied in character. Nations exchange physical commodities, either as raw materials or as processed goods. They render each other a large variety of services. Some nations make loans to others, and the borrowing countries discharge their obligations.

The importance of all these relationships arises from the fact that we live in a world in which natural wealth, technical skills, and financial strength are so distributed over the surface of the earth that each nation possesses a surplus of some of the things which some other nations lack, and no nation, however large, possesses in adequate measure all of the elements that constitute the material foundations of economic well-being. No nation can hope to provide for its population even the necessities of modern life if it has access solely to its own resources. Nor can any group of nations—unless, indeed, it comprises almost the entire globe—hope to attain in isolation nearly as high a level of well-being as it can when the economic interdependence of nations is translated into a world-wide system of peaceful and mutually beneficial exchange of goods and services, through which alone each nation can have as satisfactory an access as may be practicable to the resources of the entire world.

International trade is the process by which nations exchange physical commodities. Apart from the exchange of services which are of relatively lesser importance, it is the instrument by means of which nations with undeveloped natural resources or insufficient financial strength secure capital from wealthier nations and by means of which they eventually repay their obligations. Hence, trade is by far the most important of international economic relationships and is, in fact, basic to all the others.

When nations deliberately move in the direction of national or group self-sufficiency, or when they, for any other reason, adopt policies which obstruct international trade or impair

its efficacy, they find themselves correspondingly compelled to curtail or leave undeveloped some of their relatively most efficient branches of production, to expand, if they can, some of their relatively less efficient ones; and to create, again if they can, branches of production for which their conditions are not as well adapted as are conditions in some other areas. By doing this, they not only deprive themselves of the benefits of international exchange but necessarily force other nations to do likewise. The net result is reduced productivity all around and an inexorable lowering of the standards of life everywhere.

International trade, moving as nearly as may be practicable along the channels of natural advantage and of mutual benefit to the parties concerned, is the foundation of economic peace and an indispensable element in the promotion of human welfare. International trade, obstructed by excessive barriers and forced into artificial channels, is the most potent instrument of economic war, which serves inexorably as a depressant of human welfare.

Thus international economic relations are not an end in themselves. They are rather an integral part of the whole complex of economic activity whereby the material wants of man are satisfied, and in the efficacy of which international economic relations are a determining economic factor.

In a world organized along national lines, much of that activity is necessarily domestic, and economic progress is obviously impossible without appropriate domestic policies and measures, but it is equally impossible in conditions of economic war. Its mainsprings lie solely neither in the field of domestic action nor in the field of international action but in a proper combination of the two.

The basic requirements of economic progress are expansion and improvement of production and increase of international trade, which are primary prerequisites of increased consumption. Increased production and increased trade are themselves inescapably interdependent factors. In the long run, neither is possible without the other, but neither flows automatically from the other.

The expansion and improvement of each country's productive facilities and the creation of other conditions conducive to increased consumption require many domestic policies and measures. To the extent to which such policies and measures are successful, they of course stimulate international commerce. But domestic action cannot be fully successful unless it takes place in conditions in which the trade process itself is not prevented, by inappropriate international policies, from making its indispensable contribution to growing production and growing consumption. The creation of these conditions is a task of international collaboration in a number of fields of international economic relationships.

III

Both theory and experience lead to the conclusion that international trade increases in its economic usefulness in proportion as the policies and arrangements under which it functions are such as to enable each nation, as nearly as may be practicable, to sell its surplus production and to obtain the surplus products of other nations wherever this can be done most advantageously. This does not and need not mean completely free trade, in the sense of a total absence of trade regulation. That concept requires, for its realization in the international field, the existence of many complex conditions which do not obtain today and are not likely to obtain in any discernible future. Moreover, practical experience indicates that the attainment of a relatively high degree of expanding economic prosperity for all countries, so far as it is determined by international commerce, does not require completely free trade as one of its indispensable prerequisites. What it does require is a large measure of flexibility in trade movements. This is possible only through a trade process which is regulated, if at all, predominantly by such methods as reasonable tariffs and not by quantitative controls and other devices that cause an artificial channelization of trade movements and which functions on the basis of a system of multilateral rather than bilateral

balancing of the international accounts of individual countries.

A bilateral system is one under which a country pays for its imports with currency which is good only for purchases from it or for the discharging of other obligations to it alone. A multilateral system is one under which a country's proceeds of sales to another country become available for purchases from, or the discharging of other obligations to, any country. Since trade and all other international transactions—the results of which comprise for each country its balance of international payments—are expressed in terms of money, and since each country has its own monetary system, multilateral balancing of international accounts is possible only when national currencies are freely interchangeable at stable exchange rates.

Interchangeability of currencies and stability of foreign-exchange rates can be maintained only between countries, each of which possesses at all times either a sufficient supply of foreign currencies to meet demands for such currencies or the ability readily to obtain foreign currencies. The supply arises out of export of goods, rendering of services, earnings on loans and investments in other countries, and borrowing. The demands arise out of imports of goods, payments for services rendered by other countries, debt payments, and lending.

In order that the foreign-exchange process—that is, the purchase and sale of foreign currencies—may function smoothly, each country needs reserves of foreign currencies or ability to replenish its reserves when necessary. Such replenishment is accomplished by borrowing or by liquidation of foreign investments, where there are any; under the gold-standard system, exports of gold provide an additional and very convenient method of replenishing reserves of foreign currencies. The reserves serve the role of a revolving fund to provide for temporary lack of balance between the supply of and the demand for foreign currencies. The stability and interchangeability of a country's currency is endangered or destroyed when its total international outgo tends to exceed its total interna-

tional income and thus to deplete its available reserves.

This situation may result from that country's own action or from the actions of other countries, or both. It may arise as a consequence of domestic policies or of international policies. And the factors involved in the maintenance of currency stability and interchangeability are so closely interdependent that they affect each other immediately and therefore retard or promote the functioning of the multilateral system.

Inability to compete internationally, or unwillingness to make the adjustments necessary for that purpose, has been a frequent cause of trade restrictions, while trade practices which obstruct commerce or which cause artificial diversion of trade have often been responsible for foreign-exchange controls or unstable foreign-exchange rates. Deliberate alterations of exchange rates have been resorted to as a means of improving a country's international competitive position or as an instrument of domestic policy. Foreign-exchange controls have been imposed as a method of equilibrating the balances of payments, especially by debtor countries. Commercial and monetary policies of this type have obstructed useful movements of capital, while unsound investment and credit policies have often led to trade restrictions and monetary instability. Unsound fiscal policies have frequently caused flights of capital and thus resulted in break-downs of monetary stability.

Singly or in combination, these and many other factors, too numerous to be treated within the scope of this address, inevitably weaken the multilateral system, create a tendency toward bilateralism, and in extreme cases, result in attempts to turn deliberately to a system of bilateral balancing. Their most important result is that they impair international trade and, therefore, have adverse effects on production and consumption everywhere. Under multilateralism, trade tends to be flexible and, therefore, to flow along the channels of natural advantage. Under bilateralism, trade tends to be rigidly and artificially channelized. Multilateral balancing, therefore, allows a broad scope for free enterprise and a widening of economic oppor-

tunity, and thus provides a foundation for policies and measures designed to promote economic stability accompanied by rising living standards. Bilateral balancing imposes trade regimentation, narrows economic opportunity, and makes economic stability possible only on the basis of lowered living standards, if at all.

The creation after the war—as rapidly as possible and as fully as possible—of conditions indispensable to a system of world trade operating on the basis of a substantial freedom from obstructive regulation and on the basis of multilateral balancing of international accounts will be an urgent requirement for all countries, including our own. Unless that need is met, production and trade will stagnate everywhere, no matter what other measures are taken, and living standards will suffer in consequence.

In this fundamental respect the situation after the present war will be no different in character but far more difficult than was that which existed after the last war. And there will be one new factor of the utmost importance. After this war more will be expected of the reconstruction process than was the case after the last one. A greater emphasis than ever before is being placed on the so-called "social objective". Governments everywhere will have to make good their present promises to create conditions of economic security and higher levels of individual well-being.

These are, unquestionably, attainable objectives, in terms of the availability of basic resources and the possibilities of a proper utilization of these resources. But their actual attainment will depend on the type of basic policies which are adopted and resolutely pursued.

It was in the field of these policies that lay the principal mistakes and failures of the last post-war reconstruction effort. The dangers inherent in a repetition of these failures will be far greater than they were then. After this war mankind will be even less able to afford the mistakes made after the last war.

It is well, therefore, to recall briefly what happened during the last post-war reconstruction effort and the whole interval between the two wars.

IV

The world emerged from the war of 1914-18 in a sorry economic state. National currencies were in a disordered condition. International trade was fettered by restrictions carried over from the war period and by new barriers rising on all sides with the rapidity of mushroom growth. Production was disorganized in many areas. Many countries were in great need of imports, for which they had no way of paying. Chaotic public finance prevailed in most parts of Europe. A greatly increased load of international debt weighed on many countries, and astronomical sums were being assessed on the reparation account.

The post-war reconstruction effort required action in all these fields. It was successfully undertaken only in some.

Imports were provided where they were urgently needed, partly on the basis of relief but mostly on credit; the necessary financing was done largely by the United States and Great Britain, but also to some extent by France, the Netherlands, Sweden, Switzerland, and Canada. Over a period of a few years the stability and interchangeability of national currencies were reestablished. Fiscal conditions were greatly improved in most countries. After the initial post-war difficulties of internal organization were overcome, production began to recover in most areas where it had been badly disorganized.

All these were indispensable both for immediate reconstruction and as foundations for further economic advancement. But they obviously were not enough. Action was also needed in several other essential phases of the reconstruction process, and these, unfortunately, were almost completely neglected or worse.

In the all important field of international trade relations the dominant note was a steady growth of exaggerated protectionism. In the early post-war years the United States led the way through the enactment of the McCumber-Fordney tariff. In the middle twenties the protectionist impetus came largely from Europe, especially from Germany. In 1928 we again took the lead by inaugurating our preparations

for what became the Hawley-Smoot tariff. Greater and greater obstacles were placed in the way of imports, and, since one nation's imports are the exports of another or other nations, the total volume of international commerce was prevented from undergoing an adequate expansion.

The inadequate volume of world trade and the commercial policies pursued in the post-war period rendered illusory any hope that a stable international financial structure could be created. Debtor nations could not develop a sufficient volume of international income out of which to meet their debt payments because they found their sales opportunities limited by the restrictions which creditor nations were placing on imports.

The existence of a vast body of international indebtedness bequeathed by the war, which included enormous reparation payments, was in itself a source of acute maladjustment. We shut our eyes to the simple but crucial fact that war-time lending is always governed by a variety of considerations, peculiar to the abnormal conditions of war, which no longer apply in time of peace and which should be given due weight in determining the liquidation of the resulting obligations. Even if sound economic policies prevailed in the world at the end of the last war, the volume of international trade could scarcely have risen fast enough to provide a vehicle for a satisfactory liquidation of war debts, superimposed as they were on the already existing and currently created debt obligations. It is far more likely that, under the most favorable conditions, attempts to collect the war debts, because of their magnitude and because they had been incurred in the process of destruction, would have been a seriously retarding factor. As it was, they proved to be a strangling dead hand.

In many countries, especially of Europe, a greater and greater share of economic effort was directed into the field of armaments. In many countries much economic effort was wasted in unproductive enterprise. Technological progress was going on rapidly in some countries and slowly in others, and this fact made it difficult for the lagging countries to maintain their

international competitive position. Little attention was given to the development of economically backward areas. Inadequate attention was given to the distribution of national income. The volume of useful production and the volume of consumption, retarded by the commercial policies which were being pursued, were still further held back by these and other domestic factors.

Each nation pursued its economic policies, both domestic and international, in jealously guarded independence from the rest of the world. International economic conferences were conspicuous for an almost complete non-existence of cooperative effort and a resulting absence of constructive achievements.

Into this world of contradictory and discordant policies, several countries—most of all, the United States—poured capital funds on a vast scale. During the first post-war decade we exported huge amounts of capital to various parts of the world in the form of loans and investments. Great Britain was also an exporter of capital on a large scale. France sent abroad large amounts of capital in the form of short-term investments. To a lesser extent capital was exported by Holland, Switzerland, and Sweden.

All these movements of funds created an artificial prosperity in both the lending and the borrowing countries and enabled the latter to maintain a precarious solvency. In fact, a large part of the movements of capital merely made it possible for the debtor countries to meet their current debt payments, which, of course, constantly increased the volume of their total obligations.

In our case, foreign lending enabled us to maintain our exports at a relatively high level, while we put formidable obstacles in the way of our imports. In these circumstances—since we insisted at the same time upon collecting interest, dividend, and amortization payments owing us on both the war and the non-war debt accounts—a substantial part of our foreign loans served solely to provide the rest of the world with dollars for meeting a large portion of its debt payments to us.

Our foreign lending was utterly haphazard. Little or no attention was given to the economic

implications of the export of capital. The lending process was unrelated either to our other international economic policies or to the policies pursued by other nations. Only by continued lending could we, for a time at least, disguise the contradictory and inherently unsound nature of our commercial and debt-collection policies, and postpone, both for ourselves and for the rest of the world, the inevitable day of reckoning.

Foreign lending by other countries was on no healthier basis than ours. Moreover, much of the movement of funds was in the form of short-term loans, subject to sudden demands for repayment, thus introducing another factor of instability into an already unstable situation.

Had international lending, on a scale on which it actually took place, occurred at a time when sound rather than unsound policies prevailed in the world, and on a healthy basis, it would have, undoubtedly, resulted in a vast and immensely beneficial expansion of production and trade and in a general increase of national and individual welfare. It would also have contributed greatly to economic stability everywhere. As it was, much of it was wasted as a mere unproductive channel for the transfer of debt payments, and the rest served as an artificial and necessarily temporary stimulus, under the influence of which world production and world trade did rise, but at an inadequate rate and, in too many instances, in undesirable directions.

A situation was created in which the debtor nations of the world found themselves in the position of a person whose debts grow faster than his income, forced—in part by his own actions and in part by the actions of his creditors—either to devote a larger and larger share of his income to debt payments, or to borrow more and still more in order to maintain an artificial prosperity and a precarious solvency, finally going bankrupt when the stream of lending begins to dry up while at the same time demands for repayment grow more insistent, and dragging down to disaster not only himself but his imprudent creditors as well.

This was precisely what happened to the world at the end of the first post-war decade and

was one of the decisive factors responsible for the oncoming of the great depression, and especially for its depth and duration. Thereafter, for nearly another decade, the world lived through a period of economic stagnation, highlighted by savage and disastrous economic warfare.

V

During the thirties some nations, in an effort to preserve monetary stability and financial solvency, subjected their imports to rigid and far-reaching regulation and devised means of forcing their exports. This was accomplished through such devices as heightened tariffs, embargoes, quotas, exchange controls, multiple currencies, subsidies, and a whole arsenal of other weapons of economic warfare. Since—to repeat—one nation's imports are the exports of another or other nations, the latter naturally reacted by augmenting their own trade barriers. A vicious spiral of retaliation and counter-retaliation was set into motion. International trade was rapidly dwindling, and what remained was being strait-jacketed more and more into a system of narrow bilateral relationships.

One commercially important nation, Nazi Germany, adopted trade regimentation and narrow bilateralism, not for economic reasons but as an adjunct of political action—as an important part of her machinery for carrying out a program of rearmament on a vast scale. This required a high degree of selection as regards imports to make sure that materials necessary for armaments were procured. It required the forcing of exports to pay for the imports. Since, however, a disproportionate share of both the productive equipment and the imported raw materials was diverted to armament production, the volume of available exports tended to fall short of the amounts required to pay for imports. The difference was made up through the operation of the bilateral balancing system—that is, through the use of blocked marks which represented enforced loans to Germany by the countries from which she made her purchases.

By all these devices and because of the more or less complacent acquiescence on the part of other countries, Germany succeeded in obtaining

the imports necessary for building up a powerful war machine but not for avoiding, at the same time, the necessity for sacrificing butter for guns. Even so, as time went on, Germany encountered great and increasing difficulties in the operation of her trade system. This was the result of a growing unwillingness on the part of other countries both to limit the utilization of the proceeds of their sales to Germany to the range of commodities which Germany was in a position to furnish and to supply Germany with substantial amounts of commodities on the basis of enforced credit—these conditions necessarily arising out of the operation of the bilateral balancing system. It is not devoid of significance that in 1938, despite Hitler's desperate announcement that Germany "must export or die", her volume of exports was only 59 percent of the 1929 level, whereas the figure for Great Britain was 74 percent, and for the United States, 79 percent.

It is arguable that the war came just in time to save Germany from a really embarrassing economic situation. It is even arguable that Germany began the war when she did in part, at least, for that very reason.

The German leaders themselves, in the end, had no illusions as to the real effectiveness of their trade system. Some of them finally came to regard it as, at best, a temporary expedient and hoped fervently for an eventual return to more or less normal international economic relations. Others—perhaps most—looked upon it from the start as merely an instrument of preparation for war, to be replaced after an armed victory by a system of exploitation of conquered territories on the basis of permanent military controls. In the meantime Germany's trade policies and measures were a powerful factor in the continuing disruption of international trade relations.

Other countries employing the same methods, even though they did not use them as did Germany primarily for preparation for war, not only invariably found their foreign commerce—both exports and imports—reduced and their living standards depressed but did not even succeed in preserving either their monetary sta-

bility or their financial solvency. This was inevitable because drastic trade controls and artificial diversion of trade, through wholesale discrimination and through the forcing of trade balancing into bilateral channels, inescapably reduced both the volume and the economic usefulness of international commerce.

Whatever was the official justification for the use of these methods, the real underlying thought in many cases was that it was possible for individual nations, confronted with grave financial difficulties resulting largely from a break-down of international economic cooperation, to achieve economic salvation or to attain other national objectives through independent national action necessarily involving varying degrees of acute international economic warfare. In some instances, elaborate theories were advanced to prove that such independence of national action was inherently preferable. In practice, apart from Germany's success in the armament field, the only result was a continued stagnation of world trade, which brought immense injury to all nations and, most of all, to those very nations which sought the greatest measure of independent national action and employed, therefore, the strongest weapons of economic warfare.

The resulting and ever-growing economic dislocation was intensified by—and, in turn, served to intensify—a rapid deterioration of international political relationships. All this finally culminated in the supreme catastrophe of a new world war.

In this tragic situation, the most significant factor operating toward arresting and reversing the fatal trend was this country's trade-agreements program, which was vigorously pursued under the inspiring leadership of Cordell Hull. By means of reciprocal trade agreements we sought to bring about an elimination or at least a progressive reduction of quotas, prohibitive tariffs, and other exaggerated import restrictions, which were directly and drastically curtailing the volume of trade. By basing our policy on the widest possible application of the unconditional most-favored-nation principle, we sought the elimination of the various devices

for discriminatory commercial treatment and trade diversion which were forcing much of the diminished world commerce into artificial channels, and thereby were reducing still further both the volume and the usefulness of international trade. At the same time, this country repeatedly expressed its willingness to enter into appropriate arrangements for the stabilization of international currency relationships. All these were clearly indispensable steps in the direction of ridding the world of conditions of economic warfare, which had such disastrous effects both on the economic well-being and the political stability of the world.

The substantial progress made in this direction during the years immediately preceding the war was interrupted by the outbreak of hostilities. Under war conditions all the aspects of pre-war economic warfare have become greatly intensified, and, in addition, new weapons of this type have been and are being constantly forged. This is inevitable, since, under modern conditions, economic warfare is an integral part of military effort. But when the war is over, mankind will inevitably find itself in an even sorrier economic plight than was the case after the last war, unless vigorous and determined action is taken toward as rapid as possible elimination of conditions of economic warfare and toward the creation of conditions of economic peace.

VI

After this conflict, as after the last, the transition from war to peace will involve two principal stages: demobilization and reconstruction. The two stages will, of course, overlap.

Some of the problems of the immediate post-war or demobilization period are obvious. Many areas of the world will be in desperate need of food, clothing, medical supplies, and other necessities of which their larders will have been swept bare by the war and the looting tactics of the invaders. These urgent needs will have to be met quickly, both for humanitarian reasons and for the purpose of minimizing the chances of social upheavals.

The task of putting into effect the necessary arrangements will, in any event, be greatly com-

plicated by the difficulties which will, unquestionably, be involved in setting up effective administrations in many of what are now belligerent or invaded countries. The speed with which relief is provided may be a decisive factor in easing or even obviating some of these difficulties.

The measures of relief will, of course, be only a part of the immediate post-war problem. No nation will want to remain long an object of charity, nor will any nation, even the United States, be able to provide such charity indefinitely. The real demobilization process—return to peaceful employment of millions of men comprising the fighting forces or working in war production, and re-orientation of agricultural and especially industrial plants and equipment from military to peaceful pursuits—will have to begin very soon after the war.

This will require, among other things, for a number of countries the re-constitution, largely through importation, of stocks of many raw materials and basic foodstuffs, which will unquestionably be at a low point everywhere, and the acquisition of necessary machinery and other equipment. All this will call for a larger volume of means of foreign payment than practically any country of Europe and Asia will possess for some time.

The meeting of these needs will also involve many complex and difficult problems for our country and for those other areas which will be in a position to supply the necessary resources. The task of aiding in the reconstruction of other countries will be superimposed upon the task of these countries' own demobilization and of re-conversion of their own production from military to peaceful ends.

These phases of the demobilization process will naturally extend over periods which will vary from country to country. But they will, in all cases, be also the initial phases of the longer-range reconstruction process. The policies pursued in connection with both processes should, therefore, be carefully and closely integrated from the point of view of basic objectives

and of the best means of attaining those objectives. If we want to make sure, this time, that post-war reconstruction policies will really be directed toward winning the peace, we must make sure that the cessation of armed hostilities will not be followed by a continuation of economic warfare.

Lack of determination to abandon the policies and practices of economic warfare will be the greatest danger that can confront us after the war. Plenty of reasons for continuing such policies and practices will be advanced, as they were after the last war. Yet it will not matter whether economic warfare will be employed in the post-war era for selfish and predatory reasons; or as an instrument of other policies; or on the basis of a defeatist acceptance of what appears to be the line of least resistance; or as an inevitable consequence of action based on the theory that the solution of the problems of economic stability, full employment and rising living standards can and should be sought predominantly, or even solely, in terms of national economies and of domestic measures and controls, and that the resultant sacrifice of foreign trade should be accepted as inconsequential. In all cases, it will lead only to economic stagnation or worse.

Hence, while doing everything that is necessary to win the war, no effort should be spared to develop, in our country and in all countries which are now embattled against the forces of conquest, a firm determination to follow resolutely a course which would bring us to economic peace, and to chart that course well ahead of the time when we shall have to face the problems of post-war reconstruction.

There is no mystery as to the nature of the economic problems which will confront us after the war. In the international field, apart from making adequate preparation for handling the immediate problems of relief and demobilization, some of the more important ones will be as follows:

1. To rebuild the machinery of sound international commercial relations by dealing with

such problems as import restrictions, non-discriminatory treatment, access to raw materials, commodity agreements, export subsidies, indirect protectionism, shipping, etc.

2. To create appropriate arrangements for the stabilization of foreign-exchange rates and for encouraging freedom of foreign-exchange transactions, including such problems as the role of gold and the use of other monetary techniques.

3. To create effective machinery of international credit and investment, designed to promote the functioning of international trade, the establishment and maintenance of monetary stability, the development of the world's resources, and the assurance of a timely and adequate flow of funds from financially stronger to financially weaker countries for the purpose of assisting them in reducing the amplitude of economic fluctuations, and thereby contributing to general economic stability, and to bring about, where necessary, adjustment of existing international obligations.

4. To set up other necessary mechanisms for implementing the various phases of economic collaboration among nations, as regards both international policies and measures and appropriate international coordination of domestic policies and measures, without agreement on both of which no satisfactory solution is possible for the crucial problems of economic stability, full employment, and rising living standards.

Action in all these fields must be initiated as speedily as possible after the termination of hostilities. It obviously cannot be completed overnight. It must be of a continuing and progressive character and must necessarily proceed through a series of step-by-step adjustments. What is clearly needed, therefore, is agreement among the nations on broad objectives, and utmost care in choosing transitional policies in such a way that they will facilitate rather than retard or even render impossible the attainment of these objectives.

VII

Important steps have already been taken to this end.

For several months an Allied Committee has been at work in London on the problem of post-war relief requirements. Many countries, including ours, are represented on that Committee.

In November the International Labor Conference in New York decided to create an international committee for the study of post-war economic problems. Like the International Labor Organization itself, the committee has tripartite representation — government, labor, and employers.

The Rio de Janeiro Meeting of the Ministers of Foreign Affairs of the American Republics, in January, decided to convoke an Inter-American Technical Economic Conference to consider programs for post-war reconstruction. Preparation for this conference has been entrusted to the Inter-American Economic and Financial Advisory Committee, which has been in continuous session in Washington for over two years.

Last week a far-reaching agreement was signed in Washington between Great Britain and ourselves, setting forth the principles which are to govern the final settlement of obligations resulting from our Lend-Lease aid to Britain. That agreement contains, in its article VII, the following provision which is of enormous significance for the post-war period:

"In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provision for agreed action by the United States of America and the United Kingdom,

open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on August 12, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom.

"At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments."

The decision of the two Governments to engage in consultations along the lines of the first paragraph of this provision and to seek agreement on these matters with the governments of all other like-minded nations marks tremendous progress toward effective implementation of the economic objectives and the high social aims of the Atlantic Declaration.

All appropriate departments and agencies of our Government are hard at work in their respective fields on problems of the future as well

as of the present. Throughout the war we have continued, wherever possible, to negotiate mutually beneficial reciprocal trade agreements and thus to keep alive, as a powerful instrument of post-war action, a policy which has proved in the past so important a factor in the promotion of economic peace. The International Wheat Meeting, which has been at work in Washington for several months, is attempting to find a solution for one of the most troublesome commodity problems. Many private groups in the country are giving hard thought to the problems of the future and are cooperating splendidly with the Government.

All these are significant steps toward laying a foundation of economic peace for the post-war period. As time goes on, others undoubtedly will be undertaken. There is more than a good chance that we shall emerge from this war with the techniques for economic peace reasonably well worked out and ready to be applied. Whether or not these techniques will actually be translated into a functioning machinery of economic peace will depend overwhelmingly upon whether or not the people of our country and of other countries will have a clear understanding of the issues at stake and the necessary resolution to act on that understanding. So far as our country is concerned, an organization like yours has an unrivaled opportunity to help our people to that understanding and to help strengthen that resolution.

PROCLAIMED LIST OF CERTAIN BLOCKED NATIONALS, SUPPLEMENT 1 TO REVISION I

[Released to the press March 1]

The Secretary of State, acting in conjunction with the Secretary of the Treasury, the Attorney General, the Secretary of Commerce, the Board of Economic Warfare, and the Coordinator of Inter-American Affairs, on March 1 issued Supplement 1 to Revision I of the Proclaimed List of Certain Blocked Nationals, promulgated February 7, 1942.

Part I of this supplement contains 844 additional listings in the other American republics and 29 deletions. Part II contains 81 additional

listings outside the American republics and 3 deletions.

The Banco Alemán Antioqueño in Colombia is deleted in this supplement in connection with a contemporaneous reorganization eliminating German influence, placing the management and control of the bank in Colombian hands, and changing the name of the bank. The new name, to be determined by the new board of directors at a meeting to be held on March 1, will probably be Banco Commercial Antioqueño.

Commercial Policy

EXCHANGE OF NOTES WITH ECUADOR REGARDING TRADE AGREEMENT

[Released to the press March 6]

In notes dated March 2, 1942, which were exchanged at Quito by Mr. Boaz Long, the American Minister at Quito, and Dr. Julio Tobar Donoso, the Minister of Foreign Affairs of Ecuador, the Governments of the United States and Ecuador have entered into an understanding with regard to certain provisions of the trade agreement signed on August 6, 1938, as amended (Executive Agreement Series 133).

The notes refer to the difficult financial situation confronting Ecuador and the necessity, as an emergency revenue measure, of increasing customs charges on dutiable imports from all sources. The notes record the understanding that, in these circumstances, the Government of the United States agrees not to invoke the pertinent provisions of the trade agreement in respect of the application of such increased charges to products imported from the United States for which a rate of duty is specified in schedule I of the agreement.

The increased charges will not become effective prior to April 1, 1942, and it is understood that they will be reduced and ultimately removed when Ecuador's financial position has sufficiently improved to warrant such action.

The notes also contain provisions relating to foreign-exchange control and, in addition, make clear that nothing in the notes or in the trade agreement shall prevent the adoption or enforcement by either country of measures relating to public security, or imposed for the protection of the country's essential interests in time of war or other national emergency.

A translation of the text of the note from Dr. Julio Tobar Donoso, Minister of Foreign Affairs of Ecuador, to Mr. Boaz Long, American Minister at Quito, is printed below. The reply to this note was confirmatory.

"EXCELLENCY :

"I have the honor to refer to recent conversations which have taken place with regard to the financial emergency with which the Government of the Republic of Ecuador is confronted and, in that connection, to certain provisions of the trade agreement between the Republic of Ecuador and the United States of America signed at Quito on August 6, 1938, as amended by notes exchanged at Quito on August 6, 1938, September 9, 1938, and September 13, 1938.

"In the course of these conversations, it has been pointed out that the Government of the Republic of Ecuador finds it necessary, as a fiscal measure designed solely to meet the existing financial emergency, to augment customs revenues, which make up such a large percentage of total revenues, to an extent deemed necessary to safeguard vital interests of the nation.

"Consideration was given to the possibility of terminating both schedules of the trade agreement as a way out of the difficulty; but neither Government desired to adopt this course if it could be avoided. Therefore, the conversations to which I have referred have disclosed a mutual understanding which is as follows:

"In view of the existing circumstances, the Government of the United States of America will not invoke the provisions of Article I of the trade agreement in respect of the application of the proposed increase in customs charges to articles imported into Ecuador from the United States which are included in Schedule I of the agreement. It is understood that such increase will be applied generally to all dutiable imports from all foreign countries, and will not become effective, with regard to imports from the United States, prior to the expiration of thirty days from the date of this note. It is understood, further, that such increase will be

reduced and ultimately removed as soon as Ecuador's fiscal situation improves sufficiently to warrant such action.

"I also desire to take this occasion to confirm the understanding which has been reached between the Government of the Republic of Ecuador and the Government of the United States of America that, notwithstanding the provisions of Article X of the trade agreement, concerning the control of foreign exchange transactions relating to trade between the two countries, the Governments of the two countries agree to apply and administer any such control as follows:

"1. If the Government of either country establishes or maintains any form of control of the means of international payment, it shall accord unconditional most-favored-nation treatment to the commerce of the other country with respect to all aspects of such control.

"2. The Government establishing or maintaining such control shall impose no prohibition, restriction or delay on the transfer of payment for any article the growth, produce or manufacture of the other country which is not imposed on the transfer of payment for the like article the growth, produce or manufacture of any third country. With respect to rates of exchange and with respect to taxes or charges on exchange transactions, articles the growth, produce or manufacture of the other country shall be accorded unconditionally treatment no less favorable than that accorded to the like articles the growth, produce or manufacture of any third country. The foregoing provisions shall also extend to the application of such control to payments necessary for or incidental to the importation of articles the growth, produce or manufacture of the other country. In general, the control shall be administered so as not to influence to the disadvantage of the other country the competitive relationships between articles the growth, produce or manufacture of that country and like articles the growth, produce or manufacture of third countries.

"It is further understood that nothing in the provisions of paragraphs 1 or 2, above, or in the trade agreement of August 6, 1938, as amended, shall prevent the adoption or enforcement by either country of measures relating to public security, or imposed for the protection of the country's essential interests in time of war or other national emergency.

"I avail [etc.]"

International Conferences, Commissions, Etc.

EIGHTH PAN AMERICAN CHILD CONGRESS

[Released to the press March 5]

The Eighth Pan American Child Congress will be held in Washington, D.C., May 2-9, 1942. The Organizing Committee appointed by the Secretary of State to develop plans for the Congress has held its fourth meeting and has approved suggestions received from some of the other American republics that it is more necessary than ever to review the problems of maternal and child welfare in the light of the war situation and that the agenda originally adopted should be modified to provide for the study of problems which have arisen or which may arise in the future in connection with services for the protection of mothers and children.

The Congress will deal with: Health protection and medical care; education and recreation; economic and social services for families and children; and with inter-American cooperation in these fields. Progress made since the last Congress, which was held in Mexico City in 1935, will be reviewed. Special attention will be given to the discussion of measures for maintaining and strengthening essential services for mothers and children to meet wartime needs, as well as to special measures for the protection of children in wartime and to recommendations as to general standards for child

welfare and inter-American cooperation for the protection of childhood in the post-war world.

Accordingly, the Organizing Committee has revised the previously distributed regulations and agenda of the Congress to conform with the scope and concept of the meeting as amended in the light of war conditions. The revised regulations and agenda replacing the earlier documents are being forwarded to the invited governments and to the interested individuals and organizations in all the American republics.

Miss Katharine F. Lenroot, Chief of the Children's Bureau, Department of Labor, and United States member of the International Council of the American International Institute for the Protection of Childhood of Montevideo, is Chairman of the Organizing Committee of the Congress. The other members are: William G. Carr, Ph.D., Associate Secretary, National Education Association, Washington, D.C.; Henry F. Helmholtz, M.D., Professor of Pediatrics, Mayo Foundation of the University of Minnesota, Rochester, Minn.; Warren Kelchner, Ph.D., Chief, Division of International Conferences, Department of State, Washington, D.C.; The Right Reverend Monsignor Bryan J. McEntegart, President, National Conference of Catholic Charities, New York, N.Y.; Thomas Parran, M.D., Surgeon General, United States Public Health Service, Federal Security Agency; and John W. Studebaker, LL.D., Commissioner, United States Office of Education, Federal Security Agency. Mrs. Elisabeth Shirley Enochs, Office of the Chief, Children's Bureau, Department of Labor, Washington, D.C., is Secretary of the Committee.

The Department

APPOINTMENT OF OFFICERS

Mr. Selden Chapin, a Foreign Service officer of class IV, has been designated an Assistant Chief of the Division of the American Republics, effective as of January 20, 1942 (Departmental Order 1032).

Mr. Hugh S. Cumming, Jr., has been appointed an Assistant Chief of the Division of European Affairs, effective as of February 16, 1942 (Departmental Order 1030).

Mr. Donald C. Blaisdell has been appointed an Assistant Chief of the Division of Studies and Statistics, effective as of February 16, 1942 (Departmental Order 1031).

Mr. William L. Schurz has been appointed an Assistant Chief of the Division of Cultural Relations, effective as of February 16, 1942 (Departmental Order 1034).

The Foreign Service

PERSONNEL CHANGES

[Released to the press March 7]

The following changes have occurred in the American Foreign Service since February 28, 1942:

Stuart Allen, of St. Paul, Minn., Consul at Georgetown, British Guiana, has been assigned as Consul at Vancouver, British Columbia, Canada.

D. Chadwick Braggiotti, of New York, N. Y., has been appointed Vice Consul at Riohacha, Colombia.

F. Willard Calder, of New York, N. Y., Vice Consul at London, England, has been appointed Vice Consul at Belfast, Northern Ireland.

Juan de Zengotita, of Philadelphia, Pa., Vice Consul at Habana, Cuba, has been assigned as Vice Consul at Cúcuta, Colombia, where an American Consulate will be established.

Jack G. Dwyre, of Boulder, Colo., Vice Consul at Guayaquil, Ecuador, has been appointed Vice Consul at Arequipa, Peru, where an American Vice Consulate will be established.

Samuel G. Ebling, of Bellefontaine, Ohio, Consul at Izmir, Turkey, has been designated Second Secretary of Legation and Consul at Tehran, Iran, and will serve in dual capacity.

Hugh S. Fullerton, of Springfield, Ohio, Consul General at Marseille, France, has been assigned for duty in the Department of State.

Randolph Harrison, Jr., of Lynchburg, Va., Second Secretary of Embassy and Consul at Rio de Janeiro, Brazil, has been assigned for duty in the Department of State.

Alden M. Haupt, of Chicago, Ill., Vice Consul at Vancouver, British Columbia, Canada, has been designated Third Secretary of Embassy and Vice Consul at Moscow, U. S. S. R., and will serve in dual capacity.

Frederick P. Hibbard, of Denison, Tex., Counselor of Legation at Lisbon, Portugal, has been designated Counselor of Legation at Monrovia, Liberia.

Ellis A. Johnson, of Springfield, Mass., Vice Consul at Istanbul, Turkey, has been appointed Vice Consul at Izmir, Turkey.

Hugh Millard, of Omaha, Nebr., First Secretary of Legation at Lisbon, Portugal, has been designated Counselor of Legation at Lisbon, Portugal.

James S. Moose, Jr., of Morrillton, Ark., Second Secretary of Legation and Consul at Tehran, Iran, has been designated Second Secretary of Legation and Consul at Jidda, Saudi Arabia, where an American Legation will be established. Mr. Moose will serve in dual capacity.

Edward Page, Jr., of West Newton, Mass., now serving in the Department of State, has been designated Second Secretary of Embassy and Consul at Moscow, U.S.S.R., and will serve in dual capacity.

Kenneth S. Patton, of Charlottesville, Va., formerly Consul General at Singapore, Straits Settlements, has been assigned for duty in the Department of State.

Thomas H. Robinson, of Princeton, N. J., Consul at Vancouver, British Columbia, Canada, has been assigned as Consul at Barranquilla, Colombia.

John M. Slaughter, of South Bend, Ind., has been appointed Vice Consul at Guayaquil, Ecuador.

The assignment of Woodruff Wallner, of New York, N. Y., as Vice Consul at Tunis, Tunisia, has been canceled.

William L. S. Williams, of Racine, Wis., has been appointed Vice Consul at Caripito, Venezuela, where an American Vice Consulate will be established.

Cultural Relations

VISIT TO UNITED STATES OF BRAZILIAN EDUCATOR

Dr. Hernane Tavares Nuner de Sá, eminent Brazilian educator, arrived in this country in January for six weeks' research at the University of North Carolina under the auspices of the Institute of International Education. Dr. Tavares is well known as a newspaper writer and radio commentator and is professor of educational biology at the University of São Paulo. In addition to his scientific investigations, he is especially interested in the history and literature of the United States.

Legislation

To Amend the Nationality Act of 1940: Hearings Before a subcommittee of the Committee on Immigration, United States Senate, 77th Cong., 2d sess., on H.R. 6250, an Act To Amend the Nationality Act of 1940, February 17, 18, and 19, 1942. iv, 81 pp.

An Act Making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes. Approved March 5, 1942. [H.R. 6611.] Public Law 474, 77th Cong. 5 pp.

Treaty Information

Compiled in the Treaty Division

FINANCE

Double Income Taxation Convention With Canada

[Released to the press March 4]

A convention between the United States and Canada for the avoidance of double income taxation and an accompanying protocol were signed at 4 p.m. on March 4, 1942 by Mr. Sumner Welles, Acting Secretary of State, and Mr. Leighton McCarthy, K.C., Minister of Canada at Washington.

The convention, concluded with a view to removing an important impediment to international trade, provides for the avoidance of double income taxation in certain cases, the modification of certain conflicting principles of taxation, reductions of certain rates of taxation, and the establishment of an exchange of information between the United States and Canada in the field of income taxation. The convention is in many respects similar to a convention for the avoidance of double taxation which has been in force between the United States and Sweden since January 1, 1940 (Treaty Series 958).

The protocol which accompanies the convention contains definitions of terms used in the convention and provisions affecting certain matters incident to the administration of the convention.

Upon the exchange of ratifications of the convention and protocol, they will become effective as of January 1, 1941, to continue in force for a period of three years thereafter, terminable at the end of the three-year period or on the first day of January of any year thereafter following the expiration of a six-month notice given by either Government.

Agreements With Brazil

An announcement regarding the conclusion between Brazil and the United States of a series of important agreements designed to fortify the security of the American republics, together with the exchange of notes between the Brazilian Minister of Finance and the Acting Secretary of State providing for a program of mobilization of the productive resources of Brazil, appears in this *Bulletin* under the heading "The War".

COMMERCE

Inter-American Coffee Agreement

[Released to the press March 2]

The President signed on February 27, 1942 a supplementary proclamation declaring that the Inter-American Coffee Agreement (Treaty Series 970), in accordance with the provisions of article XX of the agreement, entered into full force among all the signatory governments on December 31, 1941, the date on which the last of the instruments of ratification or approval by such signatory governments was deposited with the Pan American Union.¹

Reciprocal Trade Agreement With Ecuador

In an exchange of notes dated March 2, 1942 between the American Minister to Ecuador and the Ecuadoran Foreign Minister, the Governments of Ecuador and the United States entered into an understanding with regard to certain provisions of the trade agreement signed on August 6, 1938, as amended (Executive Agreement Series 133). The texts of the notes appear in this *Bulletin* under the heading "Commercial Policy".

¹ See the *Bulletin* of January 17, 1942, p. 71.

PUBLICATIONS

Agreement With El Salvador for the Exchange of Official Publications

An agreement for the exchange of official publications was entered into between the United States and El Salvador by an exchange of notes dated November 21 and 27, 1941.

Each Government has agreed to furnish to the other Government two partial sets of its official publications. The Library of Congress, Washington, D. C., will receive the Salvadoran publications and the Ministry for Foreign Affairs and the Biblioteca Nacional at San Salvador will receive the publications of the United States Government. The agreement, which became effective on November 27, 1941, will be published as Executive Agreement Series 230.

General

CONTRIBUTIONS FOR RELIEF IN
BELLIGERENT COUNTRIES

A tabulation of contributions collected and disbursed during the period September 6, 1939

through January 1942, as shown in the reports submitted by persons and organizations registered with the Secretary of State for the solicitation and collection of contributions to be used for relief in belligerent countries, in conformity with the regulations issued pursuant to section 3 (a) of the act of May 1, 1937 as made effective by the President's proclamations of September 5, 8, and 10, 1939, and section 8 of the act of November 4, 1939 as made effective by the President's proclamation of the same date, has been released by the Department of State in mimeographed form and may be obtained from the Department upon request (press release of March 6, 1942, 45 pages).

This tabulation has reference only to contributions solicited and collected for relief in belligerent countries (France; Germany; Poland; the United Kingdom, India, Australia, Canada, New Zealand, and the Union of South Africa; Norway; Belgium; Luxembourg; the Netherlands; Italy; Greece; Yugoslavia; Hungary; and Bulgaria) or for the relief of refugees driven out of these countries by the present war.

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